

Message Text

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ACTION OES-05

INFO OCT-01 NEA-10 ISO-00 FS-01 ABF-01 AGR-05 CIAE-00

COME-00 DODE-00 DOTE-00 EB-07 EPA-01 HEW-02 HUD-01

INR-07 INT-05 LOC-01 NASA-01 NSAE-00 NSF-01 OMB-01

SMI-01 TRSE-00 SP-02 /053 W
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R 050907Z FEB 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9814

C O N F I D E N T I A L CAIRO 1502

E.O. 11652: GDS

TAGS: TGEN OSCI EG

SUBJECT: MANAGEMENT OF SPECIAL FOREIGN CURRENCY PROGRAM (SFCP)
FOR EGYPT

REF: (A) 75 CAIRO 12526, (B) CAIRO 399, (C) CAIRO 859, (D) CAIRO 926

1. IN MEETING WITH MINSTATE MOHAMED RIAD FEB 4,
AMBASSADOR RAISED THE MATTER OF SFCP. HE RECALLED
THAT AFTER PREVIOUS DISCUSSION OF THE SUBJECT (REF A),
RIAD HAD AGREED TO STUDY MATTER MATTER FURTHER BEFORE DECIDING
HOW IT WANTS PROGRAM HANDLED. ALLUDING TO DEPDIR,
INTERNATIONAL CONF DEPT MFA, ADEL SALEH'S RECENT
PERTINENT DISCUSSIONWITH SCIOFF (REF D), HE INQUIRED
WHETHER MFA HAD GIVEN FURTHER THOUGHT TO THE SUBJECT.

2. RIAD RECALLED THAT IN PREVIOUS DISCUSSION AMBASSADOR
HAD URGED THAT SUPERVISION OF THE PROGRAM NOT BE TRANS-
FERRED TO MINPLANNING, WHICH WOULD ONLY COMPLICATE
THE PROCESS. AMBASSADOR HAD EXPRESSED READINESS TO
TAKE APPROPRIATE MEASURES TO TRY TO PREVENT ABUSES FROM
RECURRING. IN LIGHT OF THAT TALK, RIAD HAD DISCUSSED
SUBJECT WITH FAHMY AND OBTAINED LATTER'S CONCURRENCE
THAT AMBASSADOR RATHER THAN MFA BE FINAL SOURCE OF
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APPROVAL PROVIDED AMBASSADOR SEES TO IT THAT WHAT GOE
REGARDS AS ABUSES ARE CORRECTED. IF THIS WORKS, FINE;

IF NOT, MFA WILL AGAIN HAVE TO INVOLVE ITSELF. RIAD AGAIN MADE SPECIFIC REFERENCES TO DUPLICATION, EXCESSIVE SALARIES OF RESEARCHES, TOO MANY PROJECTS GOING TO SAME RESEARCHER (HE SPECIFICALLY ALLUDED TO HOMMOSANNI), TO A NEED TO DEMONSTRATE THAT PROJECTS HAVE SOME MUTUAL BENEFIT, ETC.

3. AFTER MEETING WITH FAHMY, RIAD RELATED HE HAD CONVEYED ABOVE TO UNDERSECS SHALABY (ECONOMIC) AND GAMAL MANSOUR (AMERICAS). ASKED HOW ADEL SALEH'S REQUEST FITTED INTO WHAT HE HAD JUST TOLD AMBASSADOR, RIAD SAID THAT HE HAD PERHAPS NOT BEEN AS DETAILED WITH SHALABY AND MANSOUR AS HE SHOULD HAVE BEEN. AS A RESULT, ADEL SALEH HAD ASKED FOR MORE THAN WAS NECESSARY. AMBASSADOR AGREED, ALSO NOTING THAT PERHAPS ADEL SALEH DID NOT FULLY REALIZE HOW MUCH WORK WOULD BE INVOLVED IF EACH INDIVIDUAL PROJECT HAS TO BE SEPARATELY TAKEN UP WITH MFA. RIAD UNDERTOOK TO CLARIFY HIS INSTRUCTIONS TO THE TWO UNDERSECS AND THEIR SUBORDINATES. IN EXPRESSING APPRECIATION, AMBASSADOR EMPHASIZED THAT HE HAS ALREADY SUBMITTED RECOMMENDATIONS TO INTERESTED USG AGENCIES RE STRICTER POLICING OF SFCP PROJECTS IN WASHINGTON AND HERE. HE ASSURED RIAD THAT EMBASSY WILL DO UTMOST TO PREVENT ABUSES OF THE TYPE THAT CONVERN GOE.

4. ALTHOUGH HENCEFORTH NO MFA APPROVAL REQUIRED, AT RIAD'S REQUEST, AMBASSADOR AGREED WORK OUT ARRANGEMENT WITH ADEL SALEH WHEREBY EMBASSY PERIODICALLY (EVERY THREE OR SIX MONTHS) SENDS TO MFA, FOR INFORMATIONAL PURPOSES, LISTS OF PROJECTS DEVELOPED WITH APPROPRIATE GOE AGENCIES AND DETAILS OF EACH PROJECT. IT WAS ALSO AGREED THAT IF QUESTIONS ARISE IN CONNECTION WITH VARIOUS ASPECTS IN DEVELOPMENT OF A PROJECT, E.G. SALARIES, RESEARCHER, ETC., WE WILL CONSULT THE MFA FOR ADVICE AND IF NECESSARY, TO REQUEST ITS ASSISTANCE TO RESOLVE ISSUES.

5. COMMENT. IN EFFECT, THEREFORE, WE HAVE MANAGED
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TO GET THE SFCP "CEDED" BACK TO US. OUR ABILITY TO KEEP IT THAT WAY WILL DEPEND IN LARGE PART UPON WHOLEHEARTED COOPERATION OF INTERESTED USG AGENCIES TO CORRECT WHAT GOE REGARDS AS ABUSES. AS RECOMMENDED REF B, WE MUST ASSURE THERE IS SOME MUTUALITY OF BENEFITS IN PROJECTS, THAT THEY NOT BE CONCENTRATED IN THE SAME SMALL GROUP OF INDIVIDUALS, AND THAT SALARIES BEAR SOME REASONABLE RELATIONSHIP TO LOCAL PAY SCALES. LAST POINT WILL UNDOUBTEDLY INITIALLY GIVE US SOME DIFFICULTY, ESPECIALLY AFTER

EGYPTIAN RESEARCHERS HAVE GOTTEN USED TO EXHORBITANT SALARIES WE HAVE PAID IN THE PAST, BUT WE WILL HAVE TO WORK OUT LOWER SALARIES UNLESS WE WANT CONTROL OF THE PROGRAM TAKEN FROM US. AMBASSADOR INTQBND ASFIN NEW SCIOFF RICHMOND TO WORK OUR NEW, MORE ACCEPTABLE OPERATIONAL MODALITIES SOON AS PRESENT JWG MEETINGS END.

6. ABOVE ALSO DISCUSSED WITH DEPASSTSEC (OES/SCI) GANLEY. EILTS

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